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WEEKLY ROUNDUP OF WORLD PRODUCTION AND TRADE

WR 7-81

WASHINGTON, Feb. 19--The Foreign Agricultural Service of the U.S. Department of Agriculture today reported the following recent developments in world agriculture and trade:

GRAIN AND FEED

AUSTRALIA's recent large wheat sales to Japan, Indonesia, Egypt, and China suggest that virtually all of that country's exportable wheat surplus for the 1980/81 (Dec.-Nov.) season has now been committed. This year's drought-reduced crop cut Australia's exportable supplies to about 12 million tons, compared with over 17 million tons a year ago. Wheat exports this season are expected to total about 11 million tons.

In years of tight wheat supplies, such as the current one, government-to-government sales usually account for over two-thirds of total exports. For the current season, contracts announced by the Australian Wheat Board (AWB) include: 1.5 million tons to China; 1.25 million tons to Egypt; 900,000 tons to Japan; and 600,000 tons to Indonesia, with an additional option for 100,000 tons. The AWB also is expected to sell about 2.5 million tons to the Soviet Union, which is the same as last year's level in keeping with Australia's announced intention of cooperating with the U.S. partial suspension of grain sales to the USSR. Other large markets with which the AWB has sales contracts in 1980/81 are: Iraq (about 1.0 million tons); Iran (about 500,000 tons); Malaysia (about 400,000 tons); and Singapore (300,000 tons).

SPAIN has temporarily reduced the applicable duty payable on its corn imports from 8 to 3 percent. This reduction, which will be in effect for two months beginning Feb. 4, was made in order to cut the rate of inflation in locally produced feed compounds which have resulted from high world corn prices. Despite a bumper barley crop in 1980, Spanish import demand for corn in 1980/81 is expected to reach over 4 million tons, similar to last year's level. Most of Spain's imported corn is of U.S. origin, and it is possible that demand for the U.S. product might exceed current estimates if Spanish feed producers respond actively to the temporary duty reduction.

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MARY FRANCES CHUGG, Editor. Tel: (202) 447-3370, 447-2381. Weather and Crop Summary prepared by the Joint Agricultural Weather Facility of USDA and NOAA. Tel: (202) 447-8760, 447-7917. Additional copies may be obtained from the FAS Information Services Staff, Room 5918-South, Washington, D.C. 20250. Tel: 447-7937.

SPAIN's production of wheat and barley this year is forecast to fall significantly shy of the combined 1980 output of some 14.5 million tons, which could imply a reversal of Spain's current position as a wheat and barley exporter. In the 1980/81 season, Spain will be exporting roughly 1 million tons of wheat and 700,000 tons of barley. The prospective production cut is attributable to a drought which has persisted in much of the country since last November, and even longer in Andalusia and Estremadura in the southern part. While precipitation in early February offered some relief, considerably more rainfall is required to restore soil moisture levels to normal. Even with additional precipitation, the overall outlook for the 1981 wheat and barley crops is not expected to improve much since these crops were sown during the very dry months of November and December and, as a result, germination was poor and root structures are weak.

OILSEEDS AND PRODUCTS

TURKEY's Ministry of Commerce has decided to permit oilseed crushers to import soybeans. These imports will be free of any charges or customs duty. The amount of soybeans to be imported by the crushers will be determined by the Ministry at a later date.

COTTON

The SOVIET UNION recently sold its first shipment of cotton to the United States since January 1962. U.S. cotton imports during the week ending Feb. 5 showed 505 bales (480 lb. net) coming from the USSR. The annual U.S. Section 22 quota for imports of cotton from Russia (staple length under 1-1/8") is 990 bales.

TOBACCO

NEW ZEALAND's price controls on cigarettes and tobacco will be removed on July 1 as part of the government's plan to reduce budget costs and move to a more market-oriented economy. In addition, certain legislative protection and special arrangements will begin a five year phase out, while the mixing requirement of 30 percent domestic leaf will end on Aug. 31.

Beginning July 1983, import licensing of cigarettes and manufactured tobacco will be liberalized, moving to unrestricted status by June 1985. The government has promised to help tobacco growers switch to other crops during the transition period.

The effect of the restructuring of the tobacco industry could be to increase U.S. exports of both leaf and products to New Zealand. The United States supplied about one-half of New Zealand's imports and one-fourth of the total leaf used last year. These percentages have been trending downward in recent years.

DAIRY, LIVESTOCK, AND POULTRY

CANADA's imports of U.S. slaughter cattle are running well ahead of last year, particularly into southern Ontario, and are expected to remain strong. During the first three weeks of January, the movement of cattle to Canada reached a weekly average of 5,800 head, well above the rate of 3,800 head per week for the final two months of 1980 and the 1980 weekly average rate of 1,000 head.

The increase in slaughter cattle sales to Canada follows the lifting last October of DES certification on live cattle. In addition, heavier-than-average weight cattle (1,350 to 1,400 pounds) produced in Illinois, Iowa and southern Minnesota are being marketed in Canada. Because of the U.S. meat grading system, cattle of this weight range bring a lower market price domestically than animals marketed at 1,100 to 1,200 pounds. The heavier weight U.S. animals are more acceptable in Canada and are moving there despite a gradual strengthening of the U.S. dollar in relation to the Canadian dollar.

HORTICULTURAL AND TROPICAL PRODUCTS

BRAZIL's coffee crop is now expected to total between 31 and 33 million bags during the July 1981-June 1982 crop year, based on USDA field observations taken in late January. While output can still be influenced by weather prior to harvest, growing conditions--including air temperature and rainfall--have so far been near optimum.

Most of Brazil's coffee trees are close to their maximum productivity based on age, variety and soil condition. There are a few areas where 1981/82 will be an off year in the trees' production cycle. Minas Gerais will probably lead all states with a record 10 to 10.5 million bags, followed by Sao Paulo with 9.5 to 10 million. In Parana, the harvest likely will be held to 7.5 to 8.0 million bags because of near freezing temperatures during the Southern Hemisphere's winter season last year. Coffee production in the other states is estimated at 4 to 4.5 million bags.

The large crop should help Brazil, and the world, to rebuild stocks which have fallen to their lowest level in over 20 years. Brazil will end the current year with stocks totaling only about 5 million bags, compared with as much as 70 million bags at times during the 1960's.

World cocoa bean production for the 1980/81 (Oct.-Sept.) season is estimated to approximate the record 1979/80 harvest of 1.63 million tons. Africa's production is forecast to fall nearly 5 percent to 971,300 tons, as a result of less favorable growing conditions. However, South American output is expected to rise by over 7 percent to 481,800 tons, reflecting a record Brazilian harvest. Asia and Oceania's production will likely reach a record 84,500 tons, as new plantings come into bearing in Malaysia. Output in North America is placed at 91,800 tons, slightly above the level a year earlier.

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World cocoa bean grindings for 1981 are expected to increase slightly to 1.48 million tons, but will still remain well below anticipated world production levels, indicating a buildup in world stocks for the fourth consecutive year. World stocks are expected to increase by 133,000 tons in 1981, following gains of 146,000, 46,000 and 105,000 tons in the preceding three years, respectively.

Crop estimates for the principal producing countries, with 1979/80 data in parentheses, in thousands of tons, are as follows: Ivory Coast 370 (373); Brazil 340 (296); Ghana 260 (296); Nigeria 165 (170); Cameroon 120 (122); Ecuador 80 (95); and Malaysia 40 (34). More detailed information concerning this estimate will be contained in Foreign Agriculture Circular FCB 1-81, to be released in early March.

The UNITED STATES' exports of sugar jumped sharply to 587,000 metric tons (raw value) in calendar year 1980, with a total value of \$327.6 million. In 1979 the total was only 14,310 tons worth \$6.6 million. More than 90 percent of the 1980 total was refined sugar, which benefited from the "drawback" provisions of U.S. regulations that permit a refund of duties and fees paid on the raw sugar originally imported. Mexico was the principal buyer, while Chile, Peru and Venezuela were other sizable customers in the Western Hemisphere. Various countries in the Middle East also were recipients. Another good export year is expected in 1981, although exports are not likely to reach the 1980 level.

Despite the larger exports, the United States remained a net importer of sugar--one of the biggest in the world. Imports totaled 3.8 million tons in 1980 worth \$1.99 billion. Raw sugar accounted for more than 99 percent of the total. The principal suppliers were Brazil, the Dominican Republic and the Philippines, although sugar came from more than 35 countries. In 1979 the import total was 4.4 million tons valued at \$967.7 million.

MOROCCO's freezing weather in January damaged about 15,000 tons of citrus--navel oranges and clementines--in a limited area in the central and eastern portions of the country. The damaged fruit, less than 1-1/2 percent of Morocco's citrus crop, apparently was delivered to juice factories for processing. Current dry weather conditions have not affected this season's citrus crop, but could have an adverse effect on next season's output.

TRADE NOTES

In MEXICO, officials of the National Railway System have allowed normal rail shipments of all U.S. agricultural commodities to resume, following an embargo imposed last December because of Mexico's congested internal traffic situation. Since that time, Mexico has been working to clear up the backlog of railcars waiting to cross into Mexico and to return empty railcars held within Mexico. By Jan. 26, the number of U.S. and Canadian railcars in Mexico had been reduced to about 38,000 from a peak of 46,000 cars at the time of the embargo's imposition.

However, the volume of commodities currently awaiting shipment to Mexico could again clog U.S./Mexican border crossing points. Approximately 500,000 tons of U.S. commodities were scheduled for rail delivery to Mexico during January and February. In addition, an unknown quantity left unshipped in late December still needs to be moved.

The UNITED STATES' International Trade Commission will soon hold hearings on the probable economic effect on domestic industries and on consumers of designating the Peoples' Republic of China as a beneficiary developing country for purposes of the Generalized System of Preferences (GSP). The investigation, under Section 332(g) of the Tariff Act of 1930, will be limited to those GSP eligible articles identified in the Tariff schedules of the United States.

A public hearing is scheduled to begin on April 21 in Washington, D.C. and requests to appear should be filed with the Secretary, USITC, 701 E Street, N.W., Washington, D.C. 20436, not later than noon, April 16. Written statements are invited and should be submitted no later than May 15.

NEW RELEASES OF FOREIGN AGRICULTURE CIRCULARS

Reference Tables on Wheat, Corn, and Total Coarse Grains

Supply-Distribution for Individual Countries. FG-4-81

PRC Grain Trade To Reach New High. FG-5-81

U.S. Customs Service Data on Meat Imports, December 1980. FLM MT 2-81

U.S. Customs Service Data on Meat Imports, January 1980. FLM MT 3-81

U.S. Seed Exports, Quantity, Value, and Destination, July-December and December 1979/80 and 1980/81 Marketing Years. FFVS 2-81

INTERNATIONAL WEATHR AND CROP SUMMARY, Feb. 9 - 15

EUROPE--Portions of Spain and Portugal received beneficial precipitation as two storms moved across the Mediterranean. Nearly all of the Iberian Peninsula was deficient in precipitation in January, continuing a trend which began in November. Irreversible winter grain losses had already occurred in some areas. The recent precipitation should benefit the grains, but persistent, above-normal precipitation is needed to alleviate the dryness. Additionally, many areas received only very light moisture amounts. Northern Italy also remained without substantial precipitation, a condition which has persisted through January, and conditions are not favorable there for winter grains. Most of Europe saw at least light precipitation during the week, with heaviest amounts falling in the southeastern countries. January precipitation fell in a variable pattern, but apart from the aforementioned dry areas, winter grains should be in good condition. Temperatures during the week dipped below normal in the west, limiting winter grain growth in most areas. Above-normal temperatures in the east were still too cold for grains to break dormancy. Most eastern countries picked up some additional protective snow-cover by the end of the week.

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WESTERN USSR--Temperatures decreased in European USSR, but still remained mostly above normal, especially in eastern winter grain areas. The above-normal precipitation which fell over much of the belt started as rain but changed to snow, adding a good protective cover over most areas where it was needed. Only some portions of the lower Volga Valley remained short of snow. In January, nearly all of the winter grain belt received above normal precipitation for the third consecutive month. Field conditions may be too wet as the spring thaw begins. Much more moisture is present now than last year at this time. Drier January weather in the middle Volga Valley and southern Urals caused no problems, as abundant November and December precipitation in the area had brought soil moisture up to par. Substantial temperature departures above normal during January over most of the winter grain belt masked two occurrences of very cold weather which threatened dormant crops. In neither case did the potentially damaging cold persist for longer than two consecutive nights, and temperatures this winter season continue to be more favorable than normal for winter grains.

EASTERN ASIA--Rainfall continued to increase in southern China, and spread to the north of the Yangtze River as well. Weekly amounts ranged much above normal, benefiting winter grains as temperatures warmed enough to permit renewed winter grain growth over much of the belt. December had been even drier than normal, with no precipitation falling over a major portion of the belt. The trend persisted well into January, and conditions reportedly were very dry at that time. Precipitation increased in late January and produced above-normal totals for the month. However, amounts were light, and with reservoirs remaining relatively low, the outlook was still less than optimistic. This recent abundant rainfall improved conditions dramatically in the southern half of the winter grain belt, and if the moisture spreads farther north as conditions warm, the outlook should brighten even more. In South Korea, moderate precipitation in the south maintained good conditions for winter barley. Temperatures stayed below normal in January, but no extremes occurred that could cause damage.

SOUTH ASIA--Abundant rain fell in Bangladesh and eastern India--much earlier than it normally begins. The moisture probably did not harm winter grains, which should be nearly mature in that area. Major winter grains areas to the west received only some scattered, very light rains. Conditions remained favorable due to abundant January rainfall. January saw drier weather in southern winter grain areas in Madhya Pradesh, but heavy December rainfall may have been sufficient to carry the crop through. Temperatures remained near normal over the belt in January.

NORTHWESTERN AFRICA--Strong frontal activity produced moderate precipitation over much of Morocco, but most of it missed parched winter grain areas. Nearly half of the Moroccan grains received less than one-quarter of normal rainfall in January, and prospects remain dim. At the week's end, precipitation was occurring in Algeria, following three weeks of relatively dry weather and conditions were improving. January totals in Algeria crop areas were well below normal, but crops should have remained in good condition due to abundant precipitation earlier. Light precipitation in northern Tunisia kept soils beneficially moist. Conditions have consistently been most favorable for winter grains in the eastern portion of the region.

SOUTH AFRICA--Light showers generally produced 10 mm or less of weekly rainfall throughout the Maize Triangle, breaking the pattern of abundant weekly rains which have occurred for the past several weeks. In fact, January monthly rainfall was above average in all major corn producing regions of the Transvaal and Orange Free State. Adequate moisture and seasonal temperatures promoted good corn growth as the crop advanced through the reproductive stage in January and early February. Now, with a major portion of the crop in the grain-filling period, conditions remain favorable for kernel development. Crop prospects look good, especially if timely showers continue to supplement soil moisture supplies.

SOUTH AMERICA--In Brazil, weekly rainfall ranged from about 10 mm in much of Parana to about 50 mm in both the northern corn areas of Sao Paulo and Minas Gerais, as well as in southern corn/soybean areas of Santa Catarina and Rio Grande do Sul. Early season crops are reaching maturity in northern crop areas, while a major portion of both corn and soybean crops in southern areas has entered the grain or pod-filling stage. January weather was mostly favorable for crop growth. Some below-average rainfall amounts were found in western Parana and Sao Paulo; however, most crop areas received ample moisture during the reproductive period. In Argentina, showers produced locally heavy rain in western (Cordoba) and northern (Santa Fe, Entre Rios) crop areas; however, weekly rainfall totals in the major corn-producing region ranged from 10 to 50 mm. Monthly rainfall was above-average in January as a result of frequent shower activity. Thus, moisture remains in good supply for corn, which is well into the period of kernel development. Temperatures have been favorable in both Brazil and Argentina.

MEXICO--Unseasonably heavy rains fell throughout January over most of the northwest and north central areas. Frequent weather disturbances, triggered up to eight times the normal rainfall from Hermosillo eastward to the continental divide and in another area east of Torreon. The abundant rains should improve reservoir storage and soil moisture for wheat, pastures, vegetables and crops to be planted this spring. The west coast vegetable areas (primarily tomatoes and cucumbers) received about twice the normal rainfall during January; it was mostly beneficial but also could cause some additional diseases and insects, as well as impede harvesting. Northeastern citrus districts had about 25 to 50 mm of moisture and slightly cooler than usual temperatures last month. This kept trees dormant and supplied with good soil moisture. A little cooler and wetter weather than usual probably impeded some corn harvesting in the Southern Plateau. Sunny, mild conditions over most of the country during the week generally favored agriculture. The exception was the very heavy rains along the Bay of Campeche coast and across the southern Yucatan, which slowed field work.

Rotterdam Prices and E.C. Import Levies:

Asking prices in U.S. dollars for imported grain and soybeans, c.i.f., Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	Feb. 17, 1981	Change from previous week	A year ago
	\$ per m. ton	\$ per bu.	¢ per bu.
Wheat			
Canadian No. 1 CWRS-12.5%.....	1/	1/	1/
U.S. No. 2 DNS/NS: 14%.....	221.00 7/	6.01 7/	+13 7/
U.S. No. 2 DHW/HW: 13.5%.....	221.00	6.01	- 6
U.S. No. 2 S.R.W.....	215.00	5.85	+ 3
U.S. No. 3 H.A.D.....	264.50 7/	7.20 7/	+12 7/
Canadian No. 1 A: Durum.....	1/	1/	1/
Feed grains:			
U.S. No. 3 Yellow Corn.....	165.00	4.19	+ 2
U.S. No. 2 Sorghum 2/.....	183.00	4.65	0
Feed Barley 3/.....	1/	1/	1/
U.S. No. 2 Barley 3/.....	205.00	4.46	+ 8
Soybeans:			
U.S. No. 2 Yellow.....	304.00	8.27	-15
Argentine 4/.....	308.50 7/	8.40 7/	- 4 7/
U.S. 44% Soybean Meal (M.T.)..	270.00	--	+1.75 5/
EC Import Levies			
Wheat 6/.....	65.65	1.79	+ 6
Barley.....	31.55	0.69	- 1
Corn.....	72.25	1.84	+ 5
Sorghum.....	51.45	1.31	+ 6

1/ Not available.

2/ Optional delivery: U.S. or Argentine Granifero Sorghum.

3/ Pacific Northwest origin.

4/ Optional delivery: Brazil yellow.

5/ Dollars per metric ton.

6/ Durum has a special levy.

7/ April-May delivery.

Note: Basis March delivery.

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